

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

MESA AIR GROUP, INC., *et al.*¹

Debtors.

Chapter 11

Case No. 10-10018 (MG)

(Jointly Administered)

STIPULATION AND ORDER

1. This Stipulation and Order is agreed between the Parties (as defined below), and so ordered by the Court in connection with the contested matter (the “Contested Matter”) currently pending before the Court between (i) the above-captioned debtors and debtors in possession (the “Debtors”) and (ii) Agencia Especial de Financiamiento Industrial-Finame (“FINAME”, and together with the Debtors, the “Parties”) regarding the leveraged leases of thirty-six Embraer 145-LR aircraft (the “Aircraft”). The subjects of the Contested Matter are as follows:

- a. Proofs of Claim ## 1430 and 1431 (which amended Proofs of Claim ## 1420 and 1421 respectively, and which themselves had modified Proofs of Claim ## 959 and 958 respectively), filed by U.S. Bank National Association, as Security Trustee (“U.S. Bank”) at the direction of FINAME on September 24, 2010 (but only as to those portions requesting payment of administrative expense claims);
- b. Proofs of Claim ## 1454 and 1455 filed by U.S. Bank at the direction of FINAME on November 1, 2010 (but only as to those portions requesting payment of administrative expense claims) (together with Proofs of Claim ##1430, 1431, 1420, 1421, 958 and 959, the “Proofs of Claim”);

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The Debtors are: Mesa Air Group, Inc. (2351); Mesa Air New York, Inc. (3457); Mesa In-Flight, Inc. (9110); Freedom Airlines, Inc. (9364), Mesa Airlines, Inc. (4800), MPD, Inc. (7849), Ritz Hotel Management Corp. (7688); Regional Aircraft Services, Inc. (1911); Air Midwest, Inc. (6610); Mesa Air Group Airline Inventory Management, LLC (2015); Nilchii, Inc. (5531); and Patar, Inc. (1653).

- c. Debtors' Objection to (1) the Alleged Administrative Portions of Claims 1430 and 1431 of U.S. Bank National Association, as Security Trustee, on behalf of Agencia Especial de Financiamiento Industrial-FINAME and (2) Claims that were Amended and Superseded by Claims 1430 and 1431, dated October 21, 2010 [Docket No. 1140]; and
- d. Debtors' Objection to the Alleged Administrative Portions of Claims 1454 and 1455 of U.S. Bank National Association, as Security Trustee, on Behalf of Agencia Especial de Financiamiento Industrial-FINAME [Docket No. 1220], which was filed in the form of a "Notice/Summary Pleading" on November 15, 2010.

2. The Parties agree that the aggregate liquidated amounts asserted by U.S. Bank on behalf of FINAME in the Proofs of Claim (after accounting for all amendments thereto prior to the date hereof) are: (a) with respect to Mesa Air Group, Inc. (i) \$36,538,972.98 in administrative expense claims and (ii) \$543,042,408.90 in general unsecured claims and (b) with respect to Mesa Airlines, Inc. (i) \$36,538,972.98 in administrative expense claims and (ii) \$543,042,408.90 in general unsecured claims; provided that and subject to the limitation in paragraph 3 below, U.S. Bank on behalf of FINAME reserves the right to further amend or supplement the Proofs of Claim at any time and for any reason.

3. Notwithstanding the \$36,538,972.98 in administrative expense claims asserted by U.S. Bank on behalf of FINAME against certain of the Debtors in the Proofs of Claim and any final disposition of the Contested Matter, any administrative expense claims allowed (whether through settlement, judgment or other resolution) in favor of U.S. Bank on behalf of FINAME (the "Allowed FINAME Administrative Claims") against the Debtors' estates shall not exceed \$5,000,000.00 in the aggregate (the "Cap"); provided, however, that the Cap shall not apply if either (a) Mesa or any other party in interest seeks confirmation of a plan of reorganization or liquidation that does not provide for the payment of the Allowed FINAME Administrative Claims (in an amount not to exceed the Cap) in full in immediately available funds on the latest of: (i) the effective date under the plan, or as soon thereafter as practicable;

(ii) the earlier of (x) such date as may be fixed by the Bankruptcy Court and (y) the fourteenth (14th) day after the allowance of the Allowed FINAME Administrative Claims and (iii) such date as FINAME and the Debtors may agree; or (b) the cases of Mesa Air Group, Inc. and/or Mesa Airlines, Inc. are converted to cases under chapter 7 of the Bankruptcy Code.

Notwithstanding anything to the contrary in the Second Amended Joint Plan of Reorganization of Mesa Air Group, Inc. and Affiliated Debtors Under Chapter 11 of the Bankruptcy Code, dated November 23, 2010 (as the same may be amended in a manner not inconsistent with this Stipulation and Order, the "Plan"), the Debtors agree that any Allowed FINAME Administrative Expense Claims (in an amount not to exceed the Cap) shall be paid in full in immediately available funds on the latest of: (i) the effective date under the Plan, or as soon thereafter as practicable; (ii) the earlier of (x) such date as may be fixed by the Bankruptcy Court and (y) the fourteenth (14th) day after the allowance of the Allowed FINAME Administrative Claims and (iii) such date as FINAME and the Debtors may agree.

Dated: December 21, 2010
New York, New York

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Dated: December 23, 2010
New York, New York

/s/Martin Glenn
HONORABLE MARTIN GLENN
UNITED STATES BANKRUPTCY JUDGE